

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE,
OFFICE OF THE MONTANA STATE AUDITOR**

IN THE MATTER OF

RIVERWOOD CAPITAL LENDERS,
LLC,

Respondent.

Case No. SEC-2021-316

CONSENT ORDER

WHEREAS, Riverwood Capital Lenders LLC (“Riverwood”) is an issuer of securities with a principal place of business at 11 Front Street South, Suite 100, Issaquah, WA 98207;

WHEREAS, Riverwood filed notice in Montana pursuant to Regulation D, Rule 506(b) electronically through the North American Securities Administrators Association (NASAA) Electronic Filing Depository (EFD), disclosing that it raised \$3,240,000 from 14 investors, two of whom live in Montana;

WHEREAS, in its filing, Riverwood disclosed that its salespersons, Kurt Ursich and Jeromy Salvesen, received compensation for soliciting the two Montana investors; however, neither Ursich nor Salvesen were registered in Montana to offer and sell securities at the time the sales were made and the transactions were not exempt;

WHEREAS, Riverwood’s filing disclosed total sales commissions (in the form of “loan origination fees”) in the amount of \$64,800 paid in the offering, of which \$6,000 was earned for the two Montana investments;

WHEREAS, Riverwood employed two salespersons to conduct its business with Montana clients when the transactions were not exempt and those persons were not registered as securities salespersons in such jurisdiction;

WHEREAS, Riverwood, without admitting or denying the Findings of Fact and Conclusions of Law contained herein, voluntarily consents to the entry of this Consent Order (the “Order”) pursuant to the Securities Act of Montana (“Act”) with respect to this Order;

NOW, THEREFORE, the CSI finds this Order is in the public interest and hereby enters the following:

FINDINGS OF FACT

1. Through a private placement, Riverwood offered and sold debt securities to investors with a 9.0% rate of return, secured by real property located in Gallatin County, MT. The interest rate was split with 8.5% spread to investors and a 0.5% servicing fee.

2. Riverwood entered into a loan with Riverwood One, LLC, a Montana limited liability company (the borrower) and Christopher Murphy (the guarantor). The loan was evidenced by a promissory note secured by a first lien deed of trust on the real property in Gallatin County, MT, which included parcels of land divided into single family residential lots.

3. Investors received notes for their investment and not LLC units. The offering was not available to non-accredited investors. A minimum investment of \$20,000 was required.

4. The Riverwood Capital Lenders LLC notes are set to mature on November 10, 2021, with a balloon payment of \$3,264,300.00.

5. Kurt Ursich is an executive officer and promoter for Riverwood. He also owns Jupiter Capital. At the time of the sales here, Ursich was not registered in any capacity to offer and sell securities in any state. Ursich was previously registered as a salesperson to offer and sell securities in Montana from April 22, 1998 to October 29, 1999 for a broker-dealer firm.

6. Jeromy Salvesen is a promoter for Riverwood. He is not now nor has he ever been registered as a securities salesperson in any state.

7. On or about May 14, 2021, Riverwood used Ursich and Salvesen to solicit and sell Riverwood Capital Lenders LLC notes to Montana investors in a total aggregate amount of \$300,000 as follows:

- a. Notes in an aggregate amount of \$100,000 to D.C., a resident of Missoula County.
- b. Notes in an aggregate amount of \$200,000 to W.C., also a resident of Missoula County.

8. The sales commissions (loan origination fees) earned from the two Montana investments was \$6,000. This amount was paid directly to Juniper Capital, a company owned by Ursich. Salvesen received no direct compensation for the solicitation of the two Montana investors.

9. Riverwood does not anticipate further solicitation or sale of investments in Montana, including any such activity by Ursich or Salvesen.

CONCLUSIONS OF LAW

1. The Commissioner has jurisdiction over this matter and is charged with enforcement of the Securities Act of Montana. Mont. Code Ann. § 30-10-107.

2. Montana law makes it “unlawful for a broker-dealer or issuer to employ a salesperson to represent the broker-dealer or issuer in this state, except in transactions exempt under 30-10-105, unless the salesperson is registered under parts 1 through 3 of this chapter.” Mont. Code Ann. § 30-10-201(2).

3. Riverwood Capital Lenders LLC’s notes are debt securities within the meaning of the Act. Mont. Code Ann. § 30-10-103(24)(a)(viii).

4. Riverwood’s offer and sale of its notes is not exempt from the Act pursuant to Mont. Code Ann. § 30-10-105.

5. During the period in question, Riverwood acted as a securities issuer in Montana as that term is defined by the Act. Mont. Code Ann. § 30-10-103(14).

6. Ursich and Salvenson represented Riverwood in the offer and sale of the debt securities in the aggregate amount of \$300,000 to Montana residents, generating commission/renumeration in the amount of \$6,000 for these solicitations. Thus, both Ursich and Salvenson were salespersons. Mont. Code Ann. § 30-10-103(22)(a). No exemption applies. *Id.*, at (b)(i).

7. Neither Ursich nor Salvenson were registered as a securities salesperson in any state in May 2021.

8. By engaging in the conduct set forth above, Riverwood employed unregistered salespersons in Montana in violation of Mont. Code Ann. § 30-10-201(2).

9. As a result of the stated violation, Riverwood is subject to the assessment of a fine pursuant to Mont. Code Ann. § 30-10-305(3) of the Act.

10. This Order is appropriate and in the public interest.

FINAL ORDER

On the basis of the Findings of Fact, Conclusions of Law, and Riverwood's consent to the entry of this Order, IT IS HEREBY ORDERED:

1. This Order concludes the investigation by the CSI and any other action that the CSI could commence under applicable Montana law as it relates to the substance of the Findings of Fact and Conclusions of Law herein, provided however, that CSI may pursue claims arising from Riverwood's failure to comply with the terms of this Order.

2. This Order is entered into solely for the purpose of resolving the investigation and is not intended to be used for any other purpose.

3. Riverwood must, within ten (10) business days of the entry of this Order pay a fine in the amount of Three Thousand dollars and Zero cents (\$3,000.00) to the CSI.

4. Riverwood must obey all provisions of the Securities Act of Montana and regulations issued thereunder and ensure that, should it solicit or sell further investments in Montana going forward, each of its salespersons are properly and timely registered.

5. This Order is not intended to form the basis for any disqualification from registration as a broker-dealer, investment adviser, or issuer under the laws, rules, and

regulations of Montana and waives any disqualification from relying upon the securities registration exemptions or safe harbor provisions to which Riverwood or any of its affiliates may be subject under the laws, rules and regulations of Montana.

6. Nothing in this Order is intended to form the basis for any disqualification under the laws of Montana, any other state, the District of Columbia, Puerto Rico, or the U.S. Virgin Islands; under the rules or regulations of any securities or commodities regulator or self-regulatory organizations (SROs); or under the federal securities laws, including but not limited to, Section 3(a)(39) of the Securities Exchange Act of 1934, Regulation A, Rules 504 and 506 of Regulation D under the Securities Act of 1933, and Rule 503 of Regulation CF. Further, nothing in this Order is intended to form the basis for disqualification under the FINRA rules prohibiting continuance in membership or disqualification under other SRO rules prohibiting continuance in membership. This Order is not intended to be a final order based upon any violation of any Montana statute, rule, or regulation that prohibits fraudulent, manipulative, or deceptive conduct.

7. Except in an action by the CSI to enforce the obligations in this Order, this Order is not intended to be deemed or used as (a) an admission of, or evidence of, the validity of any alleged wrongdoing or liability; or (b) an admission of, or evidence of, any such alleged fault or omission of Riverwood in any civil, criminal, arbitration, or administrative proceeding in any court, administrative agency, or other tribunal.

8. This Order is not intended to state or imply willful, reckless, or fraudulent conduct by Riverwood, or its affiliates, directors, officers, employees, associated persons, or agents.

9. Riverwood, through execution of this Order, voluntarily waives the right to a hearing and to judicial review of this Order under Mont. Code Ann. § 30-10-305(3) of the Act.

[Remainder of this page intentionally left blank.]

10. Riverwood enters into this Order voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the CSI or any member, officer, employee, agent, or representative of the CSI to induce it to enter into this Order.

DATED this 5th day of November, 2021.


TROY DOWNING
Commissioner of Securities and Insurance,
Montana State Auditor

CONSENT

Riverwood Capital Lenders LLC hereby agrees to the entry of this Consent Order; consents to all terms, conditions and orders contained therein; and waives any right to appeal from this Order.

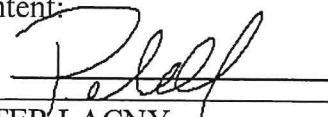
DATED this 22 day of October, 2021.

RESPONDENT


RIVERWOOD CAPITAL LENDERS, LLC

By Kurt Ursich,
Its Managing Member

Reviewed and approved for content:



PETER LACNY
Counsel for Respondent

CERTIFICATE OF SERVICE

I hereby certify that on November 5, 2021, I caused a copy of the foregoing *Consent Order* to be served on the following persons by the following means:

_____ Mail
1 _____ E-Mail

1. Peter Lacny
Datsopoulos, MacDonald & Lind, PC
PLacny@dmlaw.com



BRANDY MORRISON
Paralegal